

Question for written answer E-004230/2016
to the Commission
Rule 130
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Subject: Cash accounting method of paying taxes as an instrument to strengthen financial liquidity, especially for SMEs in the EU

Payment delays result from the failure to implement mutual benefits between contracting parties or the occurrence of significant delays in settling payments for delivered goods or services within the specified deadline. For a great many companies, particularly SMEs, payment delays have serious consequences – from the temporary loss of liquidity to, in extremely dire situations, bankruptcy.

Businesses are currently required to pay tax at the moment of delivery of a product or service, which often means that businesses are forced to pay taxes on payments which they have not yet received. In extreme situations, they are even forced to take out loans in order to pay the taxes. This is raising barriers to the development of European companies that are difficult to overcome.

Introducing an amendment to change the moment when tax becomes due from the current system to one in which tax becomes due when the company receives payment for its service or goods would significantly help put an end to the practice whereby contracting parties are forced to take out loans,. Furthermore, it would increase turnover and ensure that the financial interests of Member States and local authorities are served.

In this connection, could the Commission say whether it is considering – as part of its efforts to support economic development and entrepreneurialism, particularly among SMEs – taking legislative steps to change the current legal provisions requiring tax to be paid in accordance with the accrual method to provisions allowing tax to be paid in accordance with the cash accounting method?